

Annual Financial Statements

for

NTAMBANANA MUNICIPALITY

for the period ended 30 June:

2014

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	Mr FS Mazibuko (Acting)
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Name of Chief Financial Officer:	TRN Myeza
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Contact telephone number:	035 792 7093
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Contact e-mail address:	myezat@ntambanana.org.za
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Name of contact at provincial treasury:	Scelo Khuluse
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Contact telephone number:	033 897 4457
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Contact e-mail address:	scelo.khuluse@kzntreasury.gov.za
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Name of relevant Auditor:	J Nkosi
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Contact telephone number:	0824443217
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Contact e-mail address:	jabulanin@agsa.co.za
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Name of contact at National Treasury:	Jan Hattingh
Contact telephone number:	012 315 5009
Contact e-mail address:	jan.hattingh@treasury.gov.za

NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the financial year ended 30 June 2014

General information

Members of the Council

GK Khumalo	Mayor
WK Vilakazi	Speaker
EM Chonco	Deputy Mayor
MJ Xulu	Exco Member
CL Xulu	Member
SZ Xulu	Member
TF Zincume	Member
DP Simelane	Member
SB Sibiya	Member
MM Cebekhulu	Member
KD Sibiya	Member
LC Mfeka	Member
GF Biyela	Member
M Mkhize	Member
B Mabaso	Member
HC De Villiers	Member

Municipal Manager (Acting)

Mr FS Mazibuko.

Chief Financial Officer

TRN Myeza

Grading of Local Authority

Grade 1

Auditors

Auditor-General

Bankers

ABSA

NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the financial year ended 30 June 2014

General information (continued)

Registered Office: Ntambanana Municipality offices

Physical address:
Buchanana Reserve
Next to Buchanana Police Station
Ntambanana
EMPANGENI
3880

Postal address:
Private Bag x 20066
EMPANGENI
3880

Telephone number: 035 792 7091/2/3

Fax number: 035 792 7095

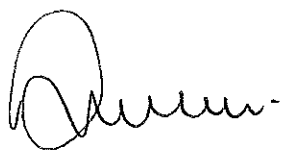
E-mail address: myezat@ntambanana.org.za

NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the financial year ended 30 June 2014

Approval of Annual Financial Statements

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 5 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 18 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager (Acting): Mr FS Mazibuko

DATE: 29 August 2014

**NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014**

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Ntambanana Local Municipality
Annual Financial Statements
Statements of Financial Position as at 30 June 2014

	Notes	June 2014	June 2013
		R	R
ASSETS		24,889,405	23,274,342
Current assets			
Cash and cash equivalents	1	21,341,177	20,630,031
Trade and other receivables from non-exchange transactions	2	944,559	883,381
Other receivables from non-exchange transactions	3	1,233,300	844,631
VAT receivable	7	1,370,370	916,298
		59,511,809.89	49,448,208
Non-current assets			
Property, plant and equipment	4	59,437,047	49,337,838
Intangible Assests	5	74,763	110,371
Total assets		84,401,215.22	72,722,550
LIABILITIES		16,701,477	15,559,784
Current liabilities			
Trade and other payables	6	1,571,129	1,744,791
Current Portion of Finance Lease Liability	9	51,670	-
Current portion of unspent conditional grants and receipts	10	14,512,757	13,249,601
Provisions	8	565,920	565,392
		150,535	
Non-current liabilities			
Finance Lease Liability	9	150,535	-
Total liabilities		16,852,012	15,559,784
Net assets		67,549,203	57,162,766
NET ASSETS		67,549,203	57,162,766
Accumulated surplus / (deficit)		67,549,203	57,162,766
Total net assets		67,549,203	57,162,766

Ntambanana Local Municipality
Annual Financial Statements
Statement of Financial Performance as at 30 June 2014

	Notes	June 2014	June 2013
		R	R
Revenue			
Property rates	11	1,288,002	1,248,343
Rental of facilities and equipment	12	25,429	22,767
Interest earned - external investments	13	1,167,533	1,172,692
Interest earned - outstanding receivables	14	68,131	59,460
Government grants and subsidies	15	59,622,727	65,044,758
Other income	16	140,260	258,895
Provision for Bad Debts Adjustment	2	207,419	241,284
Total revenue		62,519,500	68,048,199
Expenses			
Employee related costs	17	11,385,269	10,231,417
Remuneration of councillors	18	3,812,395	2,911,796
Depreciation and amortisation expense	19	2,800,775	2,280,522
Repairs and maintenance	20	406,969	1,653,378
General expenses	21	12,752,806	13,238,109
Contracted services	22	2,878,417	2,389,949
Community Projects	23	17,966,052	20,873,857
Finance Charges	24	37,598	-
Contribution to provision		82,586	323,926
Total expenses		52,122,865	53,902,954
Assets Written Off		-10,197	-22,419
Surplus / (deficit) for the period		10,386,437	14,122,826

Ntambanana Local Municipality

Annual Financial Statements

Statement of Changes in Net Assets as at 30 June 2014

	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
Balance as at 30 June 2012		-	-	-	43,077,159	43,077,159
Prior Year Errors		-	-	-	(37,219)	(37,219)
Balance as at 30 June 2012 - Restated		-	-	-	43,039,940	43,039,940
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	14,122,826	14,122,826
Balance at 30 June 2013 - Restated		-	-	-	57,162,766	57,162,766
Prior Year Errors		-	-	-	-	-
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	10,386,437	10,386,437
Balance at 30 June 2014		-	-	-	67,549,203	67,549,203

Ntambanana Municipality
Annual Financial Statements
Cash Flow Statement for the Period ended 30 June 2014

		June 2014	June 2013
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash Receipts from ratepayers, government and others		63,651,604	65,233,528
Cash paid to suppliers and employees		(51,466,155)	(49,142,344)
Cash Generated From Operations	25	12,185,449	16,091,184
Finance Income		1,235,663	1,232,153
Finance Costs		(37,598)	-
Net cash flows from operating activities		13,383,514	17,323,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	4	(12,874,574)	(13,986,508)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of intangibles	5	-	(104,639)
Net cash flows from investing activities		(12,874,574)	(14,091,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability	9	202,206	-
Repayment of finance lease liability		-	-
Net cash flows from financing activities		202,206	-
Net increase / (decrease) in net cash and cash equivalents		711,146	3,232,190
Net cash and cash equivalents at beginning of period		20,630,031	17,397,841
Net cash and cash equivalents at end of period		21,341,177	20,630,031

Ntambanana Municipality

Statement of Comparison of Budget and Actual Information

as at 30 June 2014

Reasons to Variances									
Budget on Accrual Basis	Original Budget	Budget Adjustment		Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget		Restated Audited Outcome
		R	R				R	%	
		%	%				%	%	
Budget on Accrual Basis									
Financial Performance									
Property rates	1,678,778	1,353,259	1,353,259	1,288,002	(65,257)	95%	77%	1,248,343	Property Values Decreased towards the end of the financial year.
Investment revenue	570,000	932,000	932,000	1,235,663	303,663	133%	217%	1,172,692	Improved internal controls on spending resulted in longer Investments.
Transfers recognised - operational	46,428,000	58,226,000	58,226,000	46,058,194.50	(12,167,806)	79%	99%	51,828,372	Debtors Provision Adjustment.
Other own revenue	243,154	120,930	120,939	373,108	252,169	309%	153%	582,406	
Total Revenue (excluding capital transfers and contributions)	48,919,932	50,632,189	60,632,198	48,954,968	(11,677,230)	81%	100%	54,831,813	
Employee costs	11,029,703	13,174,000	13,174,000	11,385,269	(1,788,731)	86%	103%	10,231,417	Positions Vacant (MM and IDP Manager)
Remuneration of councillors	3,232,424	3,811,994	3,811,994	3,812,395	401	100%	118%	2,911,796	
Depreciation & asset impairment	1,065,326	2,280,522	2,280,522	2,800,775	520,253	123%	263%	2,280,522	Depreciation was under provided.
Finance charges	-	-	-	37,598	37,598	100%	0%	-	Lease Agreement Classified as Finance Lease
Other expenditure	34,051,288	44,547,288	44,547,288	34,097,026	(10,450,262)	77%	100%	38,501,638	Improved internal controls and under spending on waste activities.
Total Expenditure	49,378,741	63,813,804	63,813,804	52,133,062	(11,680,742)	82%	106%	53,925,373	
Surplus/(Deficit)	(458,809)	(3,181,615)	(3,181,606)	(3,178,095)	3,512	100%	693%	906,440	
Transfers recognised - capital	13,412,000	15,330,000	15,330,000	13,564,532	(1,765,468)	88%	101%	13,216,386	
Contributions recognised - capital & contributed assets	-	-	-	-	-	0%	0%	-	
Surplus/(Deficit) after capital transfers & contributions	12,953,191	12,148,385	12,148,394	10,386,437	(1,761,956)	85%	80%	14,122,826	
Share of surplus/ (deficit) of associate	-	-	-	-	-	0%	0%	-	
Surplus/(Deficit) for the year	12,953,191	12,148,385	12,148,394	10,386,437.40	(1,761,956)	85%	80%	14,122,826	
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	13,412,000	15,330,000	15,330,000	12,121,399	(3,208,601)	79%	90%	11,782,340	
Internally generated funds	263,750	263,750	263,750	523,175	259,425	198%	198%	2,308,806	
Total sources of capital funds	13,675,750	15,593,750	15,593,750	12,644,574	259,425	81%	92%	14,091,146	
Cash flows									
Cash/cash equivalents at the year beginning	20,630,031	20,630,031	20,630,031	20,630,031	-	100%	100%	17,397,841	
Net cash from (used) operating	5,082,000	8,175,063	8,175,063	13,383,514	5,208,451	164%	263%	17,323,337	
Net cash from (used) investing	(13,675,750)	(15,094,000)	(15,094,000)	(12,874,574)	2,219,426	85%	94%	(14,091,146)	
Net cash from (used) financing	-	-	-	202,206	202,206	0%	0%	-	
Cash/cash equivalents at the year end	12,036,281	13,711,094	13,711,094	21,341,177	7,630,083	156%	177%	20,630,031	

NTAMBANANA MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the period Ended 30 June 2014

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash Generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 32	Intangible Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the Grap standard and Directive 5 including any interpretations of such Statements issued by the Accounting Practices Board. These includes Grap 32 and Grap 108, not yet effective.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARABLE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in as an additional statements to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting

GRAP 105 - Transfer of functions between entities under common

GRAP 106 - Transfer of functions between entities not under common

GRAP 107 - Mergers

GRAP 20 - Related party disclosures

1.6 VALUE ADDED TAX (VAT)

The Municipality account in its records for Vat on Accrual Basis but to Sars on Cash basis Method, based on special exemption.

2 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date of when the financial statements are authorised for issue.

(a) those that provide evidence of conditions that existed at reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Reporting date means the date of the last day of the reporting period to which the financial statements relate.

3 RELATED PARTIES

Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by South African Government.

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national spheres of Government are considered to be related parties.

Key management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with entity.

Only transactions with related parties not arms length or not in the ordinary course of business are disclosed

4 COMMITMENTS

Commitments are future capital expenditure that the Municipality has committed to. Commitments are disclosed on Annual Financial Statements.

5 RISK MANAGEMENT

Municipality's activities expose it to a variety of financial risks (credit risk, Liquidity risk and Interest rate risk). Municipality has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to Monitor and control these risks. Internal audit function reports quarterly to Audit and Risk Management Committee, an independent body that monitor risks and policies implemented to mitigate risks exposures. The risk management process relating to each of these risks is discussed under the headings below.

5.1 INTEREST RATE RISK

Municipality has no significant interest- bearing assets, income and operating cash flow are substantially independent of changes in market interest rates.

5.2 CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any counter- party. Trade receivables comprise a widespread customer base. Management evaluates credit risk related to customers on an ongoing basis

5.3 LIQUIDITY RISK

Municipality manages liquidity risk through proper management of expenditure and proper budgeting and cash management procedures.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

6.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

6.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

6.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<i>Infrastructure Assets</i>		<i>Other Assets</i>	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
<i>Community Assets</i>		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
<i>Finance Lease Assets</i>			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

6.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7 INTANGIBLE ASSETS

7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

7.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

7.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INVESTMENT PROPERTY

8.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.
The cost of self-constructed investment property is the cost at date of completion.

8.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

9 FINANCIAL INSTRUMENTS

9.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

9.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, it is in accordance with Grap 104.

9.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by classifying the outstanding debts into three categories: Category A are government properties and those who owe less than 30 days. No provision is made for them. Category B is those who are irregular payers, and the debts are between 31 and 60 days. The provision is made at 25%. Category C are bad payers and the provision is at 50%.

9.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

9.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- b) The amount of revenue can be measured reliably
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MEASUREMENT

Revenue from exchange transactions is measured at fair value of the consideration received or receivable taking into account the amount of any trade discounts allowed by the municipality

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 EMPLOYEE BENEFITS

17.1 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

17.2 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

18 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

19 COMPARATIVE FIGURES

Where materially necessary, comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2014

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash at bank

June 2014	June 2013
R	R
21,341,177	20,630,031
<u>21,341,177</u>	<u>20,630,031</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4054154293

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

6,910,330	660,463
<u>702,370</u>	<u>6,910,330</u>
<u>6,927,199</u>	<u>660,463</u>
<u>708,695</u>	<u>6,927,199</u>

Current Account (Call account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9116410562

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

5,626,355	2,457,829
<u>13,847,737</u>	<u>5,626,355</u>
<u>5,626,355</u>	<u>2,457,829</u>
<u>13,847,737</u>	<u>5,626,355</u>

Current Account (NEP account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9228120980

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

6,974,859	6,912,957
<u>181,133</u>	<u>6,974,859</u>
<u>6,974,859</u>	<u>6,912,957</u>
<u>181,133</u>	<u>6,974,859</u>

Current Account (Housing fund account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9234461881

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

40,569	330,956
<u>42,054</u>	<u>40,569</u>
<u>40,569</u>	<u>330,956</u>
<u>42,054</u>	<u>40,569</u>

Current Account(Special Disaster account)

ABSABank Limited - Durban La Lucia Branch: Account Number 4072416887

Cash book balance at beginning of year	-	5,358
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	5,358
Bank statement balance at end of year	-	-

Current Account(Housing Project fund)

ABSABank Limited - Durban La Lucia Branch: Account Number 4058836768

Cash book balance at beginning of year	63,006	63,755
Cash book balance at end of year	62,296	63,006
Bank statement balance at beginning of year	63,006	63,755
Bank statement balance at end of year	62,296	63,006

Current Account(Investment account)

ABSABank Limited - Durban La Lucia Branch: Account Number 2072141729

Cash book balance at beginning of year	-	6,270,000
Cash book balance at end of year	5,535,004	-
Bank statement balance at beginning of year	-	6,270,000
Bank statement balance at end of year	5,535,004	-

Current Account(MIG)

ABSABank Limited - Durban La Lucia Branch: Account Number 9272964122

Cash book balance at beginning of year	1,014,911	696,523
Cash book balance at end of year	970,583	1,014,911
Bank statement balance at beginning of year	1,014,911	696,523
Bank statement balance at end of year	970,583	1,014,911

Cash on Hand**Total cash and cash equivalents****Total bank overdraft**

21,341,177	20,630,031
-	-

2. TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS**Trade receivables**

as at 30 June 2014

Service debtors

Rates

Refuse

Balance as at 30 June 2014

Gross Balances	Provision for Doubtful	Net Balance
R	Debts	R
	R	
1,153,796	(209,238)	944,559
-	-	-
1,153,796	(209,238)	944,559

2 TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (CONTINUED)

as at 30 June 2013

Service debtors

Rates	1,337,257	(416,657)	920,601
Refuse	-	-	-
	<u>1,337,257</u>	<u>(416,657)</u>	<u>920,601</u>
Prior Year Errors	<u>(37,219)</u>	<u>-</u>	<u>(37,219)</u>
Balance as at 30 June 2013 - Restated	<u>1,300,038</u>	<u>(416,657)</u>	<u>883,381</u>

	2014	2013
Rates: Ageing		
Current (0 – 30 days)	77,590	368,561
31 - 60 Days	69,159	5,181
61 - 90 Days	61,784	5,194
91 - 120 Days	945,264	958,322
	<u>1,153,796</u>	<u>1,337,257</u>
<u>Other receivables</u>	-	-
Other receivables	-	-
	<u>1,153,796</u>	<u>(209,238)</u>
Total Trade and other receivables	<u>1,153,796</u>	<u>944,559</u>

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	June 2014	June 2013
Accrued interest	21,344	-
Staff Debtors	162,593	-
MIG Grants	906,772	754,240
Finance Management Grant	34,570	32,533
MSIG Grants	-	44,606
Sports Grant	-	0
NEP Grants	29,298	-
Library Grant	78,724	13,252
Total Other Debtors	<u>1,233,300</u>	<u>844,631</u>

The fair value of Trade and Other Receivables approximates their carrying value.

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2014

4 PROPERTY PLANT AND EQUIPMENT

4.1 Reconciliation of Carrying Value

	Land and Buildings		Vehicles		Furniture & Equipments		Community Assets		Other Assets		Total	
	R		R		R		R		R		R	
as at 01 July 2013	2,290,777		3,106,876		2,016,713		41,923,472		-		49,337,838	
Cost/Revaluation	3,240,532		3,930,362		4,741,809		43,968,822		-		55,881,525	
Accumulated depreciation and impairment losses	(949,755)		(823,486)		(2,725,096)		(2,045,350)		-		(6,543,687)	
Acquisitions	194,300		-		284,955		12,395,319		-		12,874,574	
Capital under Construction	(104,474)		(730,259)		(548,710)		(1,381,724)		-		(2,765,167)	
Depreciation	-		-		-		-		-		-	
Disposals	-		-		(10,197)		-		-		(10,197)	
Assets Impairments/ Write-off	-		-		(53,217)		-		-		(53,217)	
Cost/Revaluation	-		-		43,020		-		-		43,020	
Accumulated depreciation and impairment losses	-		-		-		-		-		-	
as at 30 June 2014	2,380,603		2,376,617		1,742,760		52,937,067		-		59,437,047	
Cost/Revaluation	3,434,832		3,930,362		4,973,547		56,364,141		-		68,702,882	
Accumulated depreciation and impairment losses	(1,054,229)		(1,553,745)		(3,230,787)		(3,427,073)		-		(9,265,835)	

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the ended 30 June 2014

5 INTANGIBLE ASSETS

	Computer Software R	Other* R	Total R
Reconciliation of carrying value			
as at 01 July 2013	110,371	-	110,371
Cost at the beginning	145,979	-	145,979
Accumulated amortisation and impairment losses	(35,608)	-	(35,608)
 Acquisitions	-	-	-
Amortisation	(35,608)	-	(35,608)
 Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
 Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
 as at 30 June 2014	74,763	-	74,763
Cost at the end	145,979	-	145,979
Accumulated amortisation and impairment losses	(71,216)	-	(71,216)

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements
for the period ended 30 June 2014

	June 2014 R	June 2013 R
6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	541,411	432,385
Performance Bonus Accruals	-	245,891
Consumer Deposits - Hall Hire	2,500	1,000
Retention Monies	855,164	806,900
Payments received in advance	172,054	258,615
Total creditors	1,571,129	1,744,791
The fair value of Trade and Other Payables approximates their carrying value.		
7 VAT RECEIVABLES		
Vat Receivable	1,370,370	916,298
Total vat receivable	1,370,370	916,298
8 PROVISIONS		
Performance bonus	169,347	202,603
Provision for leave	396,573	362,789
Total Provisions	565,920	565,392
9 Finance Lease Liability		
The municipality entered into a lease agreement with Capital Office Automation - Xerox for the period of three years.		
The agreement ends on 31 October 2016		
9.1 Product Type - Copier D125 - Serial No. 3909635542		
Opening Balance	-	-
Additions	160,000	-
Redemptions	(19,341)	-
Balance at the end	140,659	-
Less: Current Portion of Lease Liability	(35,949)	-
Non Current Portion of Lease Liability	104,710	-
9.2 Product Type - Copier 7855 - Serial No. 3913723227		
Opening Balance	-	-
Additions	70,000	-
Redemptions	(8,453)	-
Balance at the end	61,547	-
Less: Current Portion of Lease Liability	(15,722)	-
Non Current Portion of Lease Liability	45,825	-
	150,535	-
10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
10.1 Unspent Conditional Grants from other spheres of Government		
NEP Grants	-	3,363,950
MSIG Grants	1,427	-
Housing grants	-	87,928
Corridor Grants	1,181,385	1,875,781
Waste Management Grant	11,365,993	7,855,445
Sports Grant	525,000	-
Community library services grant	64,730	59,633
Expanded Public Works Programmes	4,924	6,863
Lottary Grant	1,369,298	-
Total Unspent Conditional Grants and Receipts	14,512,757	13,249,601
Non-current unspent conditional grants and receipts	-	-

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
11 PROPERTY RATES		
11.1 Actual		
Residential	2,685,516	2,734,823
Less: income forgone	-	(938)
Rebates	(1,397,514)	(1,485,542)
Remission	1,288,002	1,248,343
Total property rates	-	-
Property rates - penalties imposed and collection charges	1,288,002	1,248,343
Total	<u>1,288,002</u>	<u>1,248,343</u>
11.2 Valuations		
Commercial	6,613,600	6,613,600
Residential	26,901,000	26,901,000
Agriculture	144,461,000	144,461,000
Government/State	114,316,000	121,754,000
Municipal (Ingonyama Trust land)	97,327,000	97,327,000
Total Property Valuations	<u>389,618,600</u>	<u>397,056,600</u>
Valuation on Properties are conducted on the Quartely Basis.		
12 RENTAL OF FACILITIES AND EQUIPMENT		
Rent- internal	25,429	22,767
Heatonberry farm rental	-	-
Total rentals	<u>25,429</u>	<u>22,767</u>
13 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1,167,533	1,172,692
Total interest	<u>1,167,533</u>	<u>1,172,692</u>
14 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Rates -debtors	68,131	59,460
Total interest	<u>68,131</u>	<u>59,460</u>
15 GOVERNMENT GRANTS AND SUBSIDIES (conditions met)		
Equitable share	21,185,000	19,194,000
MiG Grant	13,564,532	13,216,386
NEP Grant	14,393,248	23,548,307
MSiG Grant	843,967	844,606
Finance Management Grant	1,652,037	1,532,533
National Lottery Grant	164,854	-
Refuse removal Grant	3,340,452	3,414,941
Support for Thusong services	-	117,013
MPCC's	-	434,668
Library	579,471	345,965
Infrastructure Sports facility	-	178,069
Community library service	114,902	100,914
Corridor Development	2,694,396	1,124,219
Expanded Public Works Programme Grant	1,001,939	993,137
Housing Grant	87,928	-
Total Government Grant and Subsidies	<u>59,622,727</u>	<u>65,044,758</u>
15.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.	21,185,000	19,194,000

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
15.2 MIG Grant		
Balance unspent at beginning of year	(754,239.79)	98,146
Current year receipts	13,412,000	12,364,000
Conditions met - transferred to revenue	(13,564,532.20)	(13,216,386)
Conditions still to be met - remain liabilities	<u>(906,772)</u>	<u>(754,240)</u>
15.3 MSIG Grant		
Balance unspent at beginning of year	(44,606)	-
Current year receipts	890,000	800,000
Conditions met - transferred to revenue	(843,967)	(844,606)
Conditions still to be met - remain liabilities	<u>1,427</u>	<u>(44,606)</u>
15.4 NEP Grant		
Balance unspent at beginning of year	3,363,950	6,912,257
Current year receipts	11,000,000	20,000,000
Conditions met - transferred to revenue	(14,393,248)	(23,548,307)
correction of prio period error (note 26)		
Conditions still to be met - remain liabilities	<u>(29,298)</u>	<u>3,363,950</u>
15.5 Housing Grant		
Balance unspent at beginning of year	87,928	87,928
Current year receipts	-	-
Conditions met - transferred to revenue	(87,928)	-
Conditions still to be met - remain liabilities	<u>(0)</u>	<u>87,928</u>
15.6 National lottery Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1,534,152	-
Conditions met - transferred to revenue	(164,854)	-
Conditions still to be met - remain liabilities	<u>1,369,298</u>	<u>-</u>
15.7 Sport facility Grant		
Balance unspent at beginning of year	(0)	28,069
Current year receipts	525,000	150,000
Conditions met - transferred to revenue	-	(178,069)
Conditions still to be met - remain liabilities	<u>525,000</u>	<u>(0)</u>
15.8 Corridor Development Grant		
Balance unspent at beginning of year	1,875,781	-
Current year receipts	2,000,000	3,000,000
Conditions met - transferred to revenue	(2,694,396)	(1,124,219)
Conditions still to be met - remain liabilities	<u>1,181,385</u>	<u>1,875,781</u>
15.09 EPWP		
Balance unspent at beginning of year	6,863	-
Current year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,001,939)	(993,137)
Conditions still to be met - remain liabilities	<u>4,924</u>	<u>6,863</u>
15.10 Finance Management Grant		
Balance unspent at beginning of year	(32,533)	-
Current year receipts	1,650,000	1,500,000
Conditions met - transferred to revenue	(1,652,037)	(1,532,533)
Conditions still to be met - remain liabilities	<u>(34,570)</u>	<u>(32,533)</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
15.11 Waste management Grant		
Balance unspent at beginning of year	7,855,445	5,229,387
Current year receipts	6,851,000	6,041,000
Conditions met - transferred to revenue	(3,340,452)	(3,414,941)
Conditions still to be met - remain liabilities	<u>11,365,993</u>	<u>7,855,445</u>
15.12 Support for Thusong services		
Balance unspent at beginning of year	-	117,013
Current year receipts	-	-
Conditions met - transferred to revenue	-	(117,013)
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
15.13 Provincial security Grant (MPCC's)		
Balance unspent at beginning of year	-	434,668
Current year receipts	-	-
Conditions met - transferred to revenue	-	(434,668)
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
15.14 Library Grant		
Balance unspent at beginning of year	(13,252)	87,713
Current year receipts	514,000	245,000
Conditions met - transferred to revenue	(579,471)	(345,965)
Conditions still to be met - remain liabilities	<u>(78,724)</u>	<u>(13,252)</u>
15.15 Community Library service Grant		
Balance unspent at beginning of year	59,633	70,547
Current year receipts	120,000	90,000
Conditions met - transferred to revenue	(114,902)	(100,914)
Conditions still to be met - remain liabilities	<u>64,731</u>	<u>59,633</u>
16 OTHER INCOMES		
Tender Monies	61,878	54,406
Hall hire	11,779	9,746
Sundry income	35,965	103,518
LG SETA Refund	30,638	58,820
Reversal of provisions	-	-
Provisions utilised	-	-
Donations Received	-	32,405
Profit on sale of assets	-	-
Total Other Income	<u>140,260</u>	<u>258,895</u>
17 EMPLOYEE RELATED COSTS		
Bonus	607,963	645,604
Employee related costs - Salaries and Wages	7,716,813	7,198,234
Employee related costs - Contributions for UIF, pensions and medical aids	1,608,992	1,063,757
Travel, motor car, accommodation, subsistence and other allowances	1,006,987	1,061,771
Housing benefits and allowances	38,106	45,042
Overtime payments	272,277	131,477
Other employee related costs	134,131	85,531
Employee Related Costs	<u>11,385,269</u>	<u>10,231,417</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
Remuneration of the Municipal Manager		
Annual Remuneration	-	308,419
Performance- bonuses	-	64,788
Travel, motor car, accommodation, subsistence and other allowances	-	-
Back pay	-	797
Contribution to UIF	-	374,003

Mr Mnguni resigned as the municipal manager with effect from 31 December 2012

The following officials acted as reflected below:

Miss TRN Myeza (Chief Financial Officer) - 2013 January 02 to 2013 June 30

Mrs NV Nsele (Director Corporate and Community Services) 2013 August 15 to 2014 February 14

Mr FS mazibuko (Manager: Human Settlements) - 2014 February 16 to 2014 August 15

Remuneration of the Chief Finance Officer		
Annual Remuneration	604,812	567,278
Acting Allowance	-	26,516
Performance- bonuses	84,674	59,606
Travel, motor car, accommodation, subsistence and other allowances	190,165	162,802
Long Service awards	24,192	-
Contribution to UIF	-	1,689
	903,843	817,891

Remuneration of the Director Corporate and Community services		
Annual Remuneration	604,812	567,278
Performance- bonuses	84,674	36,576
Travel, motor car, accommodation, subsistence and other allowances	190,165	162,802
Acting Allowance	28,995	-
Back pay	-	-
Contributions to UIF	-	1,689
	908,646	768,345

Remuneration of Individual Executive Directors	Executive services R	Corporate Services R	Financial Services R
2014			
Annual Remuneration	-	604,812	604,812
Acting Allowance	-	-	-
Performance- and other bonuses	-	84,674	84,674
Travel, motor car, accommodation, subsistence and other allowances	-	190,165	190,165
Contributions to UIF, Medical and Pension Funds	-	-	-
Long Service Award	-	-	24,192
Acting Allowance	-	28,995	-
Total	-	908,646	903,843
2013			
Annual Remuneration	308,419	567,278	567,278
Acting Allowance	-	-	26,516
Performance- and other bonuses	64,788	36,576	59,606
Travel, motor car, accommodation, subsistence and other allowances	-	162,802	162,802
Contributions to UIF, Medical and Pension Funds	797	1,689	1,689
Total	374,003	768,345	817,891

18 REMUNERATION OF COUNCILLORS

Mayor's Allowance	255,262	204,459
Councillors' Allowance	2,310,518	1,841,541
Cell allowance	333,888	198,336
Mobile Data Card Allowance	57,600	57,221
Contributions to Pension	-	-
Travel allowance	855,127	610,240
Total Councillors' Remuneration	3,812,395	2,911,796

In-kind Benefits

The Mayor is provided with an office and secretarial support at the cost of the Council. The Mayor has a full time driver provided by the council.

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
19 DEPRECIATION AND AMORTISATION EXPENSE		
Buildings	104,474	88,282
Furniture and Fittings	358,642	433,728
Equipment	190,068	218,142
Community Facilities	995,499	487,704
Sport facilities	386,225	286,797
Motor vehicles	730,259	730,260
Intangible Assets	35,608	35,608
Total Depreciation and Amortisation	2,800,775	2,280,522
20 REPAIRS AND MAINTANANCE		
Repairs and Maintenance Buildings	197,435	1,457,880
Repairs and Maintenance Computer Equipment	2,437	4,518
Repairs and Maintenance Furniture and Equipment	9,552	24,067
Repairs and Maintenance Motor Vehicles	197,544	166,913
Total Repairs and Maintenance	406,969	1,653,378
21 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	96,971	42,562
Archive	12,632	8,443
Bank charges	31,191	30,848
Cemeteries Public Awareness	-	79,500
Community Engagement	1,123,284	1,015,548
Conferences and delegations	3,650	7,000
Electricity and water	220,306	173,759
External Audit fees	657,593	838,359
Free basic energy	778,536	841,636
Fuel and oil	668,612	621,728
General expense EPWP	-	388,396
Financial Management and Support Systems	253,162	1,021,603
Insurance	365,641	305,921
Internal audit fees	452,605	403,905
LED Programmes	177,637	184,052
Legal expenses	211,361	45,263
Levies and membership fees	450,439	204,046
Licence fees	15,394	9,289
Municipal Systems	455,341	606,275
Pauper Burial	322,328	338,171
Postage	8,890	5,520
Printing and stationery	335,534	392,856
Professional fees	861,849	944,446
Publicity	271,666	174,376
Purchase of books	944	1,949
Refreshments	37,001	30,066
Refuse removal	1,380,497	1,277,152
Rent plant, vehicles and machinery	417,720	463,193
Sports	326,739	478,781
Staff Bursaries and Awards	123,488	110,188
Stores & Material	106,247	59,644
Students support	108,000	61,000
Subsistence and travel allowance	762,201	906,625
Telephone cost	474,257	446,747
Training	573,492	115,025
Uniforms and protective clothing	26,865	23,625
Ward Committees	401,192	357,914
Youth Council	239,541	222,700
	12,752,806	13,238,109

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
22 CONTRACTED SERVICES		
IT Support	144,210	173,230
Security	1,033,006	1,061,840
Fire Services	1,515,083	1,124,719
Cleaning Services	186,118	30,160
Provincialisation Security (MPCC's)	-	-
	<u>2,878,417</u>	<u>2,389,949</u>
23 COMMUNITY PROJECTS		
Moringa and Essential Oil Projects	2,616,420	1,117,982
National Electrification Programme	15,349,632	19,755,875
	<u>17,966,052</u>	<u>20,873,857</u>
24 FINANCE CHARGES		
Finance charges relate to Lease agreement with capital Office Automation		
Product Type - Copier 7855 - Serial No. 3913723227	26,131	-
Product Type - Copier D125 - Serial No. 3909635542	11,467	-
	<u>37,598</u>	<u>-</u>
25 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	10,386,437	14,122,826
Adjustment for:-	2,800,775	2,280,522
Depreciation and amortisation		-
(Gain) / loss on sale of assets	82,586	323,926
Contribution to provisions - current	(1,235,663)	(1,232,153)
Finance income		(37,219)
Prior Year Adjustment	10,197	22,419
Other non-cash item	37,598	
Finance Charges		
	12,081,930	15,480,321
Operating surplus before working capital changes:		
(Increase)/decrease in inventories	(61,177)	(397,599)
(Increase)/decrease in consumer receivables	(82,058)	-
(Increase)/decrease in Provisions	(388,668)	(724,456)
(Increase)/decrease in other receivables	(454,072)	546,844
(Increase)/decrease in VAT receivable	1,263,156	(62,018)
Increase/(decrease) in Unspent Conditional Grants	(173,662)	1,248,092
Increase/(decrease) in trade payables	12,185,449	16,091,184
Cash generated by/(utilised in) operations		
26 CORRECTION OF ERROR		
A Debtor: (Kwazulu Estate) was incorrectly categorised under Industrial by error, the correct category is Agricultural and it is charged at lower rate.		
The comparative amount has been restated as follows:		
Decrease in Consumer Debtors	-	(37,219)
Decrease in Revenue	-	37,219
Net effect on Accumulated surplus opening balance	-	37,219

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

	June 2014 R	June 2013 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
27 EXTERNAL AUDIT FEES		
Previous Years Audit Fees	1,860,882	901,417
Current year audit fee	676,168	959,465
Amount paid - current year	(670,144)	(933,037)
Amount paid - previous years	(1,834,454)	(901,417)
Balance unpaid (included in payables)	<u>32,453</u>	<u>26,428</u>
28 VAT		
VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.		
29 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	2,344,441	2,189,921
Amount paid - current year	(2,344,441)	(2,189,921)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
30 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	2,002,262	1,824,246
Amount paid - current year	(2,002,262)	(1,824,246)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
31 Councillor's arrear consumer accounts		
No amounts were owed by Councillors at the end of the financial year		
32 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
- Approved and contracted for	3,448,064	9,973,798
Infrastructure	-	-
Community	3,448,064	9,973,798
Heritage	-	-
Other	-	-
- Approved but not yet contracted for	14,652,560	3,438,202
Infrastructure	-	-
Community	14,652,560	3,438,202
Heritage	-	-
Other	-	-
Total	<u>18,100,624</u>	<u>13,412,000</u>
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	18,100,624	13,412,000
- Own resources	-	-
- District Council Grants	-	-
	<u>18,100,624</u>	<u>13,412,000</u>

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2014

June 2014

June 2013

33 OPERATING LEASE

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	34,637	415,642
In the second to fifth year inclusive	-	30,461
After five years		
Total	34,637	446,103

Total future minimum sublease payment expected to be received under non-cancellable sublease

34 LITIGATIONS

34.1 Case No. 8793/2013

The matter between the member of Executive Council for KwaZulu Natal for Co-Operative Governance and Traditional Affairs (APPLICANT) and Ntambanana Local Municipality (FIRST RESPONDENT) and James Nkosinathi Madondo (SECOND RESPONDENT)

The verdict

That the second respondent appointment was nul and void, in terms of Local Government: Municipal Systems Act no. 32 of 2000, Section 54 A (4) (b), that the second respondent was not a suitable candidate for the post as Municipal manager.

The Appeal

The case is currently under appeal.

35 IN-KIND ASSISTANCE

KZN Provincial Treasury supported the municipality by reviewing Annual Financial Statement for the financial year ended 30 June 2014, hours of the support were not quantified and the support has been ongoing.

36 Going Concern

The municipality will be de-established and merged with Umthonjaneni, Umhlathuze and Umfolozi on 30 June 2016

37 Events After Reporting Date

37.1 Vacant Post: Municipal Manager

Ntambanana Municipal Council on its meeting held on 2014 July 04 resolved as follows:

a) That the acting period for the interim Acting Municipal Manager, Mr FS mazibuko (Manager Human Settlements), be extended till further notice while the municipal council is addressing the issue of the municipal manager.

b) That the Mayor be mandated to request the MEC for Cogta to waive any conditions that prevent the Acting Municipal manager to act for a period that exceed the six months already granted.

c) That if (b) above is not approved by the MEC, a request be made to her to consider the name of Mr FS Mazibuko for secondment as per section 54(6)(a) of the Municipal systems act 2000.

NTAMBANANA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2014

	Opening Balance R	Cost / Revaluation			Closing Balance R	Sum of opening including backlog depreciation R	Accumulated Depreciation		Closing Balance R	Carrying Value R
		Additions R	Assets Written Off R	Under Construction R			Depreciation R	Assets Written Off R		
Community Assets										
Community Halls	29,760,747	10,578,125	-	-	40,338,873	(1,031,805)	(995,499)	-	(2,027,303)	38,311,569
Sports Grounds	14,208,074	1,817,194	-	-	16,025,268	(1,013,546)	(386,225)	-	(1,399,771)	14,625,498
	43,968,822	12,395,319	-	-	56,364,141	(2,045,351)	(1,381,724)	-	(3,427,074)	52,937,067
Other assets										
Land and Buildings	3,240,532	194,300	-	-	3,434,832	(949,755)	(104,474)	-	(1,054,229)	2,380,603
Furniture and fittings	3,472,797	7,508	(25,663)	-	3,454,642	(1,883,738)	(358,642)	18,753	(2,223,627)	1,231,015
Office equipment	1,269,012	277,447	(27,554)	-	1,518,905	(841,358)	(190,068)	24,266	(1,007,160)	511,745
Motor vehicles	3,930,362	-	-	-	3,930,362	(823,486)	(730,260)	-	(1,553,746)	2,376,616
	11,912,703	479,255	(53,217)	-	12,338,741	(4,498,338)	(1,383,444)	43,020	(5,838,762)	6,499,979
Total carried forward	55,881,525	12,874,574	(53,217)	-	68,702,882	(6,543,688)	(2,765,168)	43,020	(9,265,836)	59,437,046

NTAMBANANA MUNICIPALITY

APPENDIX B

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2014

	as at 30 June 2014										Carrying value R
	Cost / Revaluation				Accumulated Depreciation						
	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R		
Executive & Council	55,881,525	12,874,574	(53,217)	-	68,702,882	(6,543,688)	(2,765,168)	43,020	(9,265,836)	59,437,046	
Finance & Admin											
Planning & Development											
Health											
Community & Social Services											
Public Safety											
Sport & Recreation											
Environmental Protection											
Waste Management											
Road Transport											
Water											
Electricity											
Other											
Total	55,881,525	12,874,574	(53,217)	-	68,702,882	(6,543,688)	(2,765,168)	43,020	(9,265,836)	59,437,046	

APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the period ended 30 June 2014

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NTAMBANANA LOCAL MUNICIPALITY
APPENDIX D

GRANT REGISTER FOR THE PERIOD ENDED 30 JUNE 2014

DESCRIPTION	R			R			R		
	OPENING BALANCE	RECEIPTS	PAYMENTS	CLOSING BALANCE	COMMITMENTS				
Refuse Removal	7,855,445.32	6,851,000.00	(3,340,452.17)	11,365,993.15	(11,365,993.15)				
Integrated Electrification Programme Grant	3,363,950.15	11,000,000.00	(14,393,247.82)	(29,297.67)	29,297.67				
Municipal Infrastructure Grant	(754,239.58)	13,412,000.00	(13,564,532.20)	(906,771.78)	906,771.78				
Municipal Systems Improvement Grant	(44,606.03)	890,000.00	(843,967.20)	1,426.77	(1,426.77)				
Financial Management Grant	(32,533.13)	1,650,000.00	(1,652,036.52)	(34,569.65)	34,569.65				
Provincialisation of Libraries Grant	(13,252.41)	514,000.00	(579,471.20)	(78,723.61)	78,723.61				
Infrastructure - Sport Facilities Grant	(0.26)	525,000.00	-	524,999.74	(524,999.74)				
Community Library Services Grant	59,632.95	120,000.00	(114,902.30)	64,730.65	(64,730.65)				
Expanded Public Works Programme Grant	6,863.48	1,000,000.00	(1,001,939.08)	4,924.40	(4,924.40)				
National Lottery Grant	-	1,534,151.81	(164,854.03)	1,369,297.78	(1,369,297.78)				
Support for Thusing Centres	-	-	-	-	-				
Security for MPCC's	-	-	-	-	-				
Housing Grant	87,928.38	-	(87,928.38)	-	-				
Corridor Development - Essential Oil	344,955.86	2,000,000.00	(1,856,978.87)	487,976.99	(487,976.99)				
Corridor Development - Moringa	1,530,825.00	-	(837,417.03)	693,407.97	(693,407.97)				
Total	12,404,969.73	39,496,151.81	(38,437,726.80)	13,463,394.74	(13,463,394.74)				

NTAMBANANA LOCAL MUNICIPALITY

Appendix E
Schedule of External Loans as at 30 June 2014

Description	Loan Number	Redemption Date	Balance at 01/07/2013	Received during the Year	Redeemed during the Year	R	
						Written off during the Year	Balance at 30/06/2014
Long-Term Loans							
N/A			-	-	-	-	-
Annuity Loans			-	-	-	-	-
N/A			-	-	-	-	-
Government Loans			-	-	-	-	-
N/A			-	-	-	-	-
Lease Liability							
Capital Office Automation	3909635542	2016/11/01	-	160,000.00	(19,341.16)	-	140,658.84
Capital Office Automation	3913723227	2016/11/01	-	70,000.00	(8,553.24)	-	61,446.76
			-	230,000.00	(27,894.40)	-	202,105.60
			-	230,000.00	(27,894.40)		202,105.60

NTAMBANANA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the period ended 30 June 2014
Appendix F

Financial Ratios

	June 2014	June 2013
1 Capital Expenditure to Total Expenditure		
Capital Expenditure	12,874,574	13,986,508
Total Expenditure	65,007,636	68,016,519
	19.80%	20.56%
2 Impairment of PPE, Investment Properties and Intangible Assets		
Impairment Loss	10,197	22,419
Capital Assets	59,511,810	49,448,208
	0.02%	0.05%
3 Repairs and Maintenance on PPE and Investments Properties		
Repairs and Maintenance	406,969	1,653,378
Capital Assets	59,511,810	49,448,208
	0.68%	3.34%
4 Collection Rate		
Opening Balance: Debtors	883,381	485,783
Billing Revenue	1,288,002	1,248,343
	2,171,383	1,734,126
Less: Closing Balance	(944,559)	(883,381)
	1,226,824	850,744
Billing Revenue	1,288,002	1,248,343
	95.25%	68.15%
5 Acid Test Ratio		
(Current Assets - Inventory)	24,889,405	23,274,342
Current Liabilities	16,701,477	15,559,784
	1.5 : 1	1.5 : 1
6 Current Ratio		
Current Assets	24,889,405	23,274,342
Current Liabilities	16,701,477	15,559,784
	1.5 : 1	1.5 : 1
7 Own Funded Capital Expenditure		
Own Capital Expenditure	523,175	2,308,806
Total Capital expenditure	12,874,574	14,091,146
	X 100	X 100
	4.06%	16.38%
8 Remuneration as a % of Total Operating expenditure		
Salaries and Wages	11,385,269	10,231,417
Councillors allowances	3,812,395	2,911,796
	15,197,663	13,143,213
Total Operating Expenditure	52,133,062	53,925,373
	X 100	X 100
	29.15%	24.37%